# EARNING PUBLIC TRUST IN A MARITIME CRISIS

Brian E. Bell, APR
The Rockey Company
A division of Hill and Knowlton, Inc.
700 NE Multnomah St., Suite 975
Portland, Oregon 97232
bbell@rockey-portland.com

*Abstract*

*"A ship in harbour is safe, but that is not what ships are built for." So said William Shedd more than 150 years ago.*

*Today, any ship not in safe harbor is at risk of becoming a casualty. Unlike many private industries, our government has established guidelines and laws for responding to maritime incidents. These include the Oil Pollution Act of 1990 and the National Contingency Plan. Many public organizations and private companies that play a role in the maritime industry have followed suit.*

*The crisis situation that is usually presented by a maritime casualty will test public trust in the organizations, state and federal agencies and businesses that are involved. Public interest will be significant, with a great deal of media coverage as well as attention and curiosity from local, state and national political and opinion leaders.*

*In the United States particularly, the ability to inform these many audiences about the nature of the incident and the resulting response will have a significant impact on the success of the entire response. Good communications can help affected parties gain the trust and cooperation of governments, regulatory agencies and the public. Poor communications can lead to barriers, roadblocks, higher costs, unnecessary litigation or failure.*

*What role do communications play in the outcome of the incident? How prepared are the involved parties – both public and private – to tell their stories and gain the public's confidence in the capabilities of those responding? What steps should be taken before, during and after an incident in order to execute successful communications with the various audiences? The following is an examination of the need for communications in maritime incident response, as well as a practical perspective on developing and executing successful crisis communications.*

Body

On any given business day, newspapers are full of reports of crises that affect American and international businesses as well as our regulatory agencies, our state and federal governments and the general public.

The communications objective in any crisis is to minimize the potential for damage to the reputation of your organization by acting responsibly, managing employees effectively and communicating frequently with important stakeholders and the public.

The maritime industry is not excluded from this objective. It is imperative that all members of the industry be committed to being prepared for the business, reputational and communications impacts of a crisis. This paper will recommend steps for that preparedness and suggest the incorporation of a series of best practices to be considered in the development or revision of crisis communications plans.

I would like to acknowledge the outstanding public affairs leadership of the U.S. Coast Guard. Its work is often most intense at the outset of an incident, and their involvement lays the groundwork for public confidence and cooperation in an incident.

However, a Responsible Party's diverse potential communications demands can last significantly longer than the initial stages of the response. It is critical that the Responsible Party recognize and prepare for those greater responsibilities.

Unlike many other business segments, the maritime industry has clear regulatory guidelines they must follow in the event of an incident. The Oil Pollution Act of 1990 (OPA '90) and the National Contingency Plan mandate an overall response structure and important strategic considerations, including communication with the public.

From a communications standpoint, the Coast Guard is tasked and trained to immediately respond – often establishing a Joint Information Center if it is required – and provide the first facts of the incident to the interested public. This is likely to happen regardless of whether the Responsible Party is on-scene or has a crisis response plan and a trained and available communications team.

This training is rooted, in part, in the mission of the Coast Guard to rapidly respond to maritime incidents, along with a deliberate and highly effective strategy to decentralize public information down to the incident level. Unlike some large corporations, that too often painstakingly pass information up the chain of command before there is even an acknowledgment that it is involved in a crisis, the more nimble Coast Guard district offices are quick to communicate with the media and the public.

Why Communicate?

Before an organization can effectively develop and implement a crisis communication plan, one must understand the need. The skeptics may say, "Why bother? 'No comment' is a good strategy. Let the Coast Guard handle things."

The senior management of any organization that is beset by a crisis should be concerned with the long-term, quantifiable loss to its hard-earned reputation and the financial impacts of such a loss, in both the short and long term.

Through our global crisis communications capabilities at Hill and Knowlton, I recently reviewed a study conducted by Oxford University, titled "The Impact of Catastrophes on Shareholder Value."[1] The study was authorized for insurance purposes, however the findings apply in our search for answers to questions about why communications are essential in a crisis.

The study covers 15 companies, mostly American, that were involved in crisis situations during the eighties and nineties. It includes such prominent crises as the Johnson & Johnson Extra Strength Tylenol episodes in both 1982 and 1986; Union Carbide at Bhopal, India; Pan Am Flight 103 at Lockerbie; Exxon Valdez at Prince William Sound; and Perrier Water with the Benzene contamination. The episodes illustrate a solid cross-section of crises spanning several industries.

Initially, the study found in all cases a significant negative impact on shareholder value.
"But after a sharp initial negative impact amounting to almost 8% of shareholder value, there is on average an apparent full recovery in just over 50 trading days." These averages are tracked and charted. Volume of trading in shares of companies that have experienced a crisis was found to be more than four times the usual level in the days immediately following the event. The study also found that the ability of a company to recover lost shareholder value varied greatly on a long-term basis.

The authors found that the impact of a crisis on shareholder value comes from two distinctly different factors. "The first is the direct financial consequences of the catastrophe. What will be the impact of the catastrophe on the firm's future cash flow?" That direct impact, in dollars and cents, is usually negative.

The second factor more directly applies to our purposes. "The second set of factors are what may be described as indirect factors. These factors have impact on shareholder value which springs from what catastrophes reveal about management skills not hitherto reflected in value."

This finding, to us, should be particularly significant. It means that the actions of management in a crisis become part of an evaluation that can lead to a new perception of the company. The authors put it this way: "Management is placed in a spotlight and has the opportunity to demonstrate its skills or otherwise in an extreme situation. The indirect factors are therefore able to have a large negative or positive impact on value."

The word "value," for our purposes, is equivalent with "measurable public perception." This is the area where we have responsibilities in reaching our clients' constituents when affected by a crisis. What an organization does in a crisis and how that action is communicated can spell the difference between reputational success and failure.

The bottom line is, the communications surrounding incident response will be the basis for public opinion. How well your organization — whether good or bad — manages events during a crisis can translate directly into critical business indicators such as:

- Change in share price;
- Change in public awareness of the company;
- Change in customer confidence and utilization of your services or products;
- Change in gross revenue;
- Change in employee turnover;
- Regulatory changes within an entire industry/sector;
- Greater or lesser potential of litigation and/or greater or lesser chance of prevailing in litigation;
- Greater scrutiny and criticism by the media and the public.

Do you really want to devote scarce organizational resources to addressing these other challenges while simultaneously managing your response to the original maritime incident?

Corporate executives and political leaders are seen to hold a public trust that demands responsible and ethical behavior at all times. This expectation is brought into particularly sharp focus during a crisis when executives and leaders without a plan find themselves facing an unknown — the media.

Learning through the experiences of the moment is the worst possible option for crisis communication, and there is no excuse for it. Investing time to prepare for potential crises can help ensure that executives, employees and organizations are adequately equipped to meet media and public expectations when a crisis occurs. The ability to understand the inevitability of a crisis and to be prepared for it is a key leadership responsibility that will tip the outcome of the response.

Understand the current public opinion climate

In the instance of a crisis, including a maritime incident, the existing public opinion climate should play a large role in determining the manner in which the incident is communicated to the public. For the purposes of this discussion, let us examine several key statistics in the matter of general public opinion climate, particularly those that might influence the reaction to a maritime crisis. In so doing, I will temporarily set aside the incidents of September 11$^{th}$, which have significantly heightened the public's sensitivity to the vulnerability of our nation's transportation system to terrorist attack.

Research shows that public support for the environment is significant, with half of all Americans considering themselves environmentalists. However, studies show that while Americans fear environmental problems, few have more than rudimentary knowledge of actual environmental issues. Regardless, the majority of Americans (68%) mistrust business saying that corporations do too little in terms of environmental concern. These factors are important to consider when planning for communication of a maritime incident which could have significant environmental impact.[2]

Additionally, Americans are active news consumers. More than half of all Americans watch television news or read a newspaper every day. It is therefore extremely important to communicate effectively with the media to provide the public with the facts.[3]

## The value of planning

As it is so often said: it's not a question of if, but when a company will face a crisis.

As stated above, the communications objective in a crisis is to minimize the potential for damage to the reputation of an organization by acting responsibly, managing employees effectively and communicating frequently with important stakeholders and the public.

A strong platform for crisis communication involves planning, preparation, relationship building, practice and postmortems.

Most journalists do not develop plans to prepare for coverage of a crisis. However, their response to an emergency is predictable and their needs can be pre-defined. Planning to satisfy these needs places an organization in the desirable position of being the single authoritative source of fact and truth. While the media is not the only stakeholder group to be concerned with, understanding its role and how to satisfy it will serve an organization well in its communications with other audiences.

## Developing or reinvigorating your crisis response plan

How well you are perceived by stakeholders – including civic and elected officials, regulatory and environmental agencies, the media and the public – will largely depend on how well you have prepared for the unexpected.

A crisis communication plan will have several basic elements:

- It identifies the tools, procedures, people and channels for effective communication.

- It defines the crisis response team: the core group of senior executives and managers who are notified, day or night, the moment an incident of concern appears on the horizon. Notification procedures can be as simple as a wallet-sized card with phone numbers or a dedicated pager system.

- It clearly lays out business and communications goals so that, in the chaos of a crisis, everyone is working toward a common goal.

- It names the audiences that need to be informed, and the most effective way to communicate with each of them. This can include everything from attendance at Rotary Club and City Council meetings to establishing a Web site with photos, press releases, and contact numbers.

- It identifies the specific actions that must be taken and the timeline along which those actions must occur in order to meet the business and communications goals.

- It identifies the thresholds at which a crisis situation has potential material effect on the corporation and at which the crisis communications plan should be implemented. This is a key component to a plan. It is most effective if the limits and thresholds are clear and defined in advance so that a company has guidelines. At a minimum, communications by the Coast Guard with the media should trigger the activation of your crisis response team, and it should be turned on "full blast" if an Incident Command response is initiated.

At Hill and Knowlton, our work with clients frequently involves helping them develop their first crisis communication plans. In the best scenarios, it is an exercise in preparedness that builds confidence within the organization.

The plan development stage is an important time to build key personal relationships. For example, perhaps you are responsible for responding to incidents in a specific port or state, but do not know the key regulatory officials in that area. Meeting those people and forging a relationship is far better before things hit the proverbial fan.

Next, identifying a set of guiding principles that will form the backbone of your crisis communications plan should be accomplished in a deliberate and inclusive process involving your organization's key decision-makers and crisis responders.

Examples of some principles include:

- We will always tell the truth.

- We will maintain the trust of our stakeholders by making decisions in accordance with our company's core values.

- We will only deal in facts, and be a timely, credible resource for all audiences.

- We recognize bad news only gets worse with time; we will get the information out in a timely, honest fashion.

- We will establish one on-site spokesperson and more as necessary to speak to different stakeholders while ensuring consistency of message.

- We will have a steady stream of both internal and external communications throughout this crisis.

- We will not get into any turf battles.

- We will bring in the best people for the job.

- We will define very specific roles for our CEO and his or her communications visibility.

In the worst scenario, a plan is developed and executed in mid-crisis. While this starts with a distinct disadvantage, it can still do much to reduce further harm.

One area that might spark a lot of constructive internal debate, aided by your legal counsel, is how to manage your organization's appropriate desire to be responsive and act responsibly versus taking responsibility or assuming liability for a crisis before all of the facts are gathered. While there is a tendency for the media and the public to seek someone or something to blame for a crisis, organizations can successfully position themselves as committed to, and capable of, providing a responsible solution to the problem, without prematurely assuming blame or ultimate responsibility.

A very tangible and important result from this deliberation is your organization's key message statement. What embodies your organization's concern, actions to achieve resolution, prevent a reoccurrence and aid those affected by the crisis? Your key message statement should be prominently and repeatedly stated in your crisis communications plan.

Your planning should address how to work with, and not against the media in communicating your involvement in a crisis. Here are some rules of thumb to help you work more effectively and efficiently with media professionals:

- Most reporters are generalists — they do not have much specialized knowledge and prefer simple, easy to understand data that tells the story. There are very few reporters in the world that have experience in covering maritime crisis.

- You may feel like it is "Us" against "Them," but remember, the media are fierce competitors seeking to deliver faster, better, or more thorough coverage than their competition. Journalists' careers can be made or broken during a crisis, so don't play favorites. Their timeline and level of sustaining interest in the crisis is very different than yours. You need to mesh that perspective into your thinking.

- Reporters never have a crisis plan; at best they have a "nose for news." They are driven by deadlines and there is always a deadline looming. With the proliferation of Internet-based media there is a constant 24-7 news cycle on every major story.

- Reporters will first ask "what and who" questions, then move to the "why" questions.

- Reporters, especially in a crisis, have little patience for subtleties or complexities, therefore they tend to categorize or stereotype issues in terms that make it easy for their

audience to understand. For example, “a small amount of oil in the waterway will result in an environmental catastrophe.”

- Reporters monitor each other's work so misinformation can easily be perpetuated.

- Media seek out dramatic material to underscore the “human” side of a crisis. They are desperately seeking heroes, villains and “if it bleeds, it leads.”

- Television needs pictures to tell the story…from a helicopter, in your parking lot, in the hallway at a disaster site.

- When few facts are known, reporters have a pack mentality, particularly when covering a crisis. Many often repeat the same storyline. The challenge is to make sure the initial and “imitated” story is the right one.

- Reporters rely on outside experts and authorities to provide context, perspective and information that will provide meaning to the facts. Some of these experts will not be your friends.

- Media want the information when they want the information — not necessarily when you're holding a news conference.

- Journalists will track down their sources day or night.

- The media need the following resources to do their jobs:

  - Facts about what has happened — the classic “five Ws” who, what, where, when, why and, of course, how;

  - Knowledgeable, authoritative spokespersons who are conversationally well spoken and media literate; and

  - Access to the crisis area and to affected individuals (however dangerous, inconvenient or intrusive such requests may seem).

- Reporters want the opportunity to perform and to be seen doing a good job — so they can get a better job, earn more money, have more respect or prestige in their field, and/or win awards. In other words, they are just like the rest of us.

In a crisis, more than at any other time, organizations have an obligation to support and encourage media professionals by providing them with information that enables them to report factually while integrating an enormous amount of new information.

The increased competition among a growing number of journalists, for a share of an increasingly segmented audience of listeners, viewers, readers and Web surfers, has elevated the stakes in issues and crisis coverage. Although reporters gather the same basic information, they want to put a personal “fingerprint” on their work to set their coverage apart from that of their peers.

A final recommendation is to hire a public relations firm that specializes in crisis communication. In addition to providing media and Internet monitoring services - services that can provide the edge companies need to get ahead of the issues - a public relations firm can conduct crisis training exercises in the form of table-top or full-blown, location-wide simulations. Such firms are staffed with specialists who have significant experience dealing with crisis situations.

Practice makes perfect

Every organization's continuous improvement efforts are predicated on testing and measuring actions to determine one's own best practices. It follows that your crisis communications plan should also be tested to build and maintain the readiness for an effective response.

Testing puts pressure on the weak points in your delivery system and shows you where your leaks are. That allows you to strengthen your plan. A test exercise should be conducted at least once per year and critical data and personnel information should be reviewed and updated at least twice per year.

Certainly in the Pacific Northwest there is an eagerness by the Coast Guard and other response agencies to assist in drills or other simulations. It is likely that this willingness is reciprocated elsewhere in the United States. Take advantage of that.

In conclusion, please leave Seattle with a commitment to renew or create your crisis communications plan. Inevitably you will need it, and you have little control over the timing. Look to an outside public relations firm to assist you in your planning, preparation and evaluation before you need to implement. Drill and revise the plan regularly to allow you to operate with the greatest efficiency under very demanding circumstances.

The organizations and the businesses you serve will be under enormous public scrutiny in a crisis. How you are prepared to re-earn the public's sustaining trust will determine, to a very large degree, how healthy your organization, or those that it serves, will look in the future.

Bibliography

1. “The Impact of Catastrophes on Shareholder Value.” Knight, Rory F. and Deborah J. Pretty. *The Oxford Executive Research Briefings*, Templeton College, Kennington, Oxford.

2. *Roper Green Gauge Report*. Roper Starch Worldwide. 2001.

3. “Straight Talk from Americans.” Pew Center for Civic Journalism. 2000.

Additionally, the following resources were consulted during the writing of this paper:

“Crisis at Melrose.” Elliot, Greg, Vice President Communications, International Truck and Engine Corporation, with assistance from Hill and Knowlton, Inc.

“Managing the media in a crisis.” Kerbel, Carole, Chairman Public Relations, Hill and Knowlton Canada Limited.

“Media Relations From Sea to Shining Sea.” Stateman, Alison. *Public Relations Tactics*, September 2001.

“When a Crisis Hits: Preserving Shareholder Value.” Hyde, Richard C., Hill and Knowlton, Inc. April, 2001.